

DEPT. OF MEDICAL ASSISTANCE SERVICES

12VAC30-80-75. Local education agency reimbursement for special education students.

12 VAC 30-80-75 Local Education Agency (LEA) providers

The following methodology will determine the reimbursement for Local Education Agency (LEA) providers.

A. Medical Services Provided by Local Education Agency Providers for Special Education Students.

1. For each of the IDEA related school based medical services covered under the State Plan other than specialized transportation services, the LEA provider's actual cost of providing the services will be certified and the Federal Financial Participation (FFP) will be paid to LEA providers based on the methodology described in the steps below. All costs to be certified and used subsequently to determine reconciliation and final settlement amounts as well as interim rates are identified on the CMS approved Medical Services Cost Report. Final payment for each school year is based on actual costs as determined by desk review and/or audit for each LEA provider.

2. Step 1: Develop the Personnel Cost Base for Medical Services.

Total annual salaries and benefits paid as well as contracted (vendor) payments are obtained initially from each LEA's payroll/benefits and financial system. This data will be reported on DMAS Medical Services Cost Report form for all direct service personnel (i.e. all personnel providing medical services covered under the state plan). Personnel costs are reduced by any reimbursement that is not from state or local funding sources. The personnel cost base does not include any amounts for staff whose compensation is 100 percent reimbursed by a funding source other than state/local funds. The application of Step 1 results in total adjusted salary cost.

3. Step 2: Determine Medical Services Personnel Cost Using Time Study

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A time study which incorporates the CMS-approved time study methodology is used to determine the percentage of time medical service personnel spend on medical services and general and administrative (G&A) time. This time study will assure that there is no duplicate claiming relative to claiming for administrative costs. G&A time is allocated to medical services based on the percentage of time spent on medical services. To reallocate G&A time to medical services, the percentage of time spent on medical services is divided by 100 percent minus the percentage of time spent on G&A. This will result in a percentage that represents the medical services with appropriate allocation of G&A. This percentage is multiplied by the personnel cost base as determined in Step 1 to allocate personnel cost to medical services. The product represents medical services personnel cost. A sufficient number of medical service personnel will be sampled to ensure time study results that will have a confidence level of at least 95 percent with a precision of plus or minus five percent overall.

4. Step 3: Develop Medical Services Non-Personnel Costs

Cost for materials and supplies, employee travel and capital used in the delivery of medical services are obtained from each LEA's financial system. Capital costs must exceed \$5,000 and have a useful life greater than two years. The straight line method of depreciation is used for capital costs. Non-personnel costs are reduced by any reimbursement that is not from state or local funding sources.

5. Step 4: Determine Indirect Costs

Indirect cost is determined by multiplying each LEA's indirect rate assigned by the cognizant agency (the Department of Education) by total direct cost as determined under

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Steps 2 and 3. No additional indirect cost is recognized outside of the indirect cost determined by Step 4.

6. Step 5: Total Medical Services Cost

Total Medical Services Cost is determined by adding costs from steps 2, 3 and 4.

7. Step 6: Allocate Total Medical Services Cost to Medicaid, Medicaid Expansion and FAMIS.

To determine the Medicaid, Medicaid expansion and FAMIS medical services cost to be certified, total medical services cost is multiplied by the ratios of Medicaid, Medicaid expansion and FAMIS recipients with an IEP to all students with an IEP.

B. Special Transportation Services Provided by Local Education Agency Providers for Special Education Students.

1. The participating LEA's actual cost of providing special transportation services will be claimed for Medicaid FFP based on the methodology described in the steps below.

Special transportation refers to transportation on buses modified and dedicated for special education. All costs to be certified and used subsequently to determine the reconciliation and final settlement amounts as well as interim rates are identified on the CMS approved Special Transportation Cost Report. Final payment for each school year is based on actual costs as determined by desk review and/or audit for each LEA provider.

2. Step 1: Develop Special Transportation Non-Personnel Cost

The cost for Special Transportation Fuel, Repairs and Maintenance, Rentals, Contract Vehicle Use Cost, Insurance and Capital are obtained from the LEA's accounts payable system and reported on the Special Transportation Cost Report form. Non-personnel costs are reduced by any reimbursement that is not from state or local funding sources.

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3. Step 2: Develop Special Transportation Personnel Cost

Total annual salaries and benefits paid as well as contract cost (vendor payments) for special transportation services are obtained from each LEA's payroll/benefits and financial systems. This data will be reported on the Special Transportation Cost Report form for all direct service personnel.

4. Step 3: Determine Indirect Cost

Indirect cost is determined by multiplying each LEA's unrestricted indirect rate assigned by the cognizant agency (the Department of Education) by total special transportation cost as determined under Steps 1 and 2. No additional indirect cost is recognized outside of the indirect cost determined by Step 3.

5. Step 4: Total Special Transportation Cost

Total special transportation services cost is determined by adding costs from steps 1, 2 and 3.

6. Step 5: Allocate Total Special Transportation Services Cost to Medicaid, Medicaid Expansion, and FAMIS

Special transportation drivers or other school personnel shall maintain logs of all students transported on each one-way trip. These logs shall be used to calculate reimbursable percentages for Medicaid, Medicaid Expansion and FAMIS. The denominator will be the total annual one-way trips on special buses. The numerator will be Medicaid, Medicaid Expansion or FAMIS special transportation one way trips. To qualify as a special transportation trip, the student must be eligible for Medicaid, Medicaid Expansion or FAMIS; transportation must be included in the IEP; and the student must have received a covered medical service on the day of the special transportation. To allocate special

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transportation costs to Medicaid, Medicaid Expansion and FAMIS, total special transportation cost as determined under step 4 is multiplied by the reimbursable percentages described above.

C. Reconciliation of the federal share of LEA Certified Costs and MMIS Paid Claims

1. Each LEA provider will complete the Medical Services and Special Transportation Cost Reports and submit the cost report(s) no later than 5 months after the end of the LEA's fiscal year. All cost reports shall be reviewed and the total certified expenditures shall be initially settled within 180 days of the receipt of a completed cost report based on a desk review by the agency's audit contractor. DMAS may conduct additional desk or field audits up to two years after the fiscal year end based on risk assessment developed by DMAS. LEA providers may appeal audit findings in accordance with DMAS appeal procedures.

2. The agency's audit contractor will reconcile the federal financial participation from the Medical Services and Special Transportation cost report(s) against the MMIS paid claims data and DMAS shall issue a notice of reconciliation that denotes the amount due to or from the LEA provider. This reconciliation is inclusive of both medical services and special transportation services provided by the LEA provider.

a. If the interim payments exceed the FFP of the certified costs of an LEA's Medicaid, Medicaid Expansion or FAMIS services, DMAS will recoup the overpayment in one of the following methods:

1) Offset all future claim payments from the affected LEA until the amount of the overpayment is recovered;

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2) Recoup an agreed upon percentage from future claims payments to the LEA to ensure recovery of the overpayment within one year; or

3) Recoup an agreed upon dollar amount from future claims payments to the LEA to ensure recovery of the overpayment within one year.

b. If the federal financial participation of the certified costs exceed interim payments, DMAS will pay the difference to the LEA provider.

D. Interim Rates.

At the end of each settlement, interim rates for each LEA provider will be determined by dividing total medical services cost and special transportation service cost by an estimate of the number of units of service. For the initial interim rates or for new providers, interim rates will be based on pro forma cost data. Interim rates are provisional in nature pending completion of the cost report.

E. Billing

Each LEA provider will submit claims in accordance with the school division manual and will be paid an interim rate for approved claims.

F. State Monitoring

If DMAS becomes aware of potential instances of fraud, misuse or abuse of services and funds, it will perform timely audits and investigations to identify and take the necessary actions to remedy and resolve the problems.

G. Other Services

Other covered services provided to Medicaid, Medicaid expansion, and FAMIS recipients will be reimbursed according to the agency fee schedule for all providers. These costs are not included on the cost report.